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January 14, 2019

Submitted via U.S. Mail and electronically

Eagle Water Company
172 West State Street
Eagle, ID 83616

RE: Notice of Default

To Eagle Water Company:

On behalf of the City of Eagle, please be advised and take notice that Eagle Water Company ("EWC") is in default of the Agreement between EWC and the City of Eagle dated July 12, 2008, a copy of which is attached hereto. This constitutes notice of default under Section 10 of the Agreement. EWC failed to continue to make payments due and failed to provide required notice to the City.

Section 6 of the Agreement is entitled "Right of First Refusal" and prescribes a clear intent and specific process by which the City shall have the "exclusive right" of first refusal triggered by a determination by EWC to "sell or convey all or any part of its Water System...." Agreement (attached hereto), Section 6. Upon receipt of such notice from EWC, the Agreement prescribes that the "City shall have the exclusive right for 30 days after receiving such notice to provide Notice of Intent to Purchase the Water System or portion thereof to which such bona fide offer refers at the amount of said offer...." *Id.*

The proceedings in Case Nos. SUZ-W-18-02 and EAG-W-18-01 before the Idaho Public Utilities Commission appear to reflect a triggering event under Section 6 of the Agreement – a Joint Application of Suez Water Idaho and Eagle Water Company for the Acquisition of Eagle Water Company. However, EWC did not provide notice to the City before making any such agreement and is therefore in violation of Section 6 and the City's Right of First Refusal.

On behalf of the City, we hereby demand that you give notice stating EWC's desire to

sell all or specified part(s) of the EWC Water System and the amount and terms of such offer(s) in detail. Pursuant to Section 10 of the Agreement, you have fifteen (15) days to cure this default.

Upon your response, or lack thereof within the specified time period, the City will determine whether to pursue its rights under the Agreement. The City reserves its rights to seek alternative or additional remedies as may be applicable.

Sincerely,

A handwritten signature in blue ink that reads "Chere D. McLain". The signature is written in a cursive, flowing style.

Chere D. McLain

cc: Molly O'Leary (via email)